

Weekly Economic Review

People continue to flock to Alberta

Population

Persistent inflow of migrants

Job prospects and higher wages continued to attract people to the province in the first quarter of 2014. The population as of April 1st, 2014 is estimated at 4,111,509 as the province welcomed 9,581 net-interprovincial and 11,735 net international migrants in the first quarter (Chart 1). Year-over-year, Alberta's population grew by 3.2%, the highest growth rate among the provinces. The influx of people has helped fill job vacancies and meet the growing demand for labour. *Quarterly Population Report*

Resale Housing

Home sales are flying high

High employment growth and migration continue to buoy demand in Alberta's housing market. Sales in May were strong, up 15.2% year-over-year (y/y), while new listings were up 8.6% y/y. The Alberta sales-to-new listings ratio was unchanged at 0.65, suggesting the resale housing market remains relatively tight. Alberta's two largest cities accounted for most of the sales, with 47% of sales in Calgary, and 27% in Edmonton. Calgary had the strongest growth in sales, which outpaced new listings (Chart 2), pushing the sales-to-new listings ratio to 0.72. Edmonton also showed strong growth in sales and new listings with the sales-to-new listings ratio increasing to 0.62.

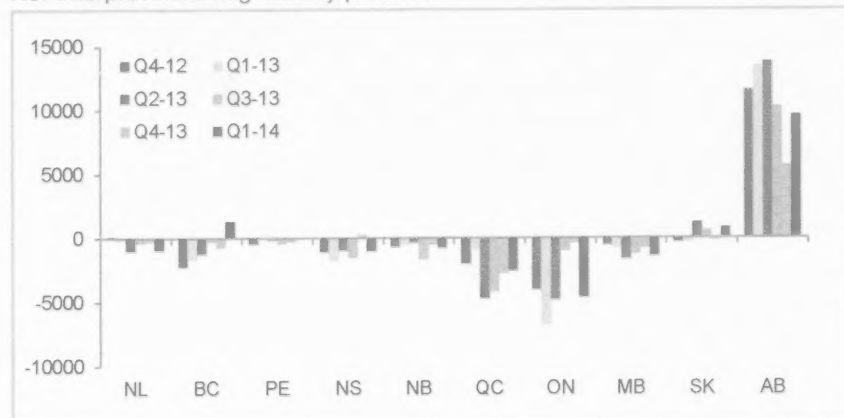
Retail Sales

Sales cruise in April

Retail sales in Alberta continue to show strength, rising to \$6.5 billion in April. This is up 7.0% from April 2013. While this is the smallest increase of 2014,

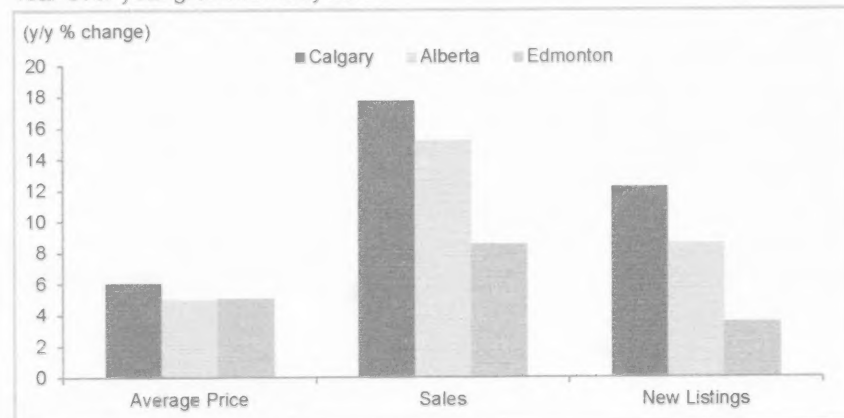
year-to-date sales are up a robust 8.8%. Sales growth at motor vehicle and parts dealers was the weakest since July 2011. This contrasts with gas stations, which have had double digit sales growth for 6 consecutive months. Nationally, retail sales reached \$41.6 billion, up 5.1% y/y, the highest year-over-year growth since June 2011.

Chart 1: Alberta remains the destination for interprovincial migrants
Net-interprovincial migrants by province



Source: Statistics Canada

Chart 2: Calgary leads in growth across prices, sales and new listings
Year-over-year growth in May 2014



Source: Canadian Real Estate Association

Consumer Price Index (CPI)

Shelter costs drive inflation

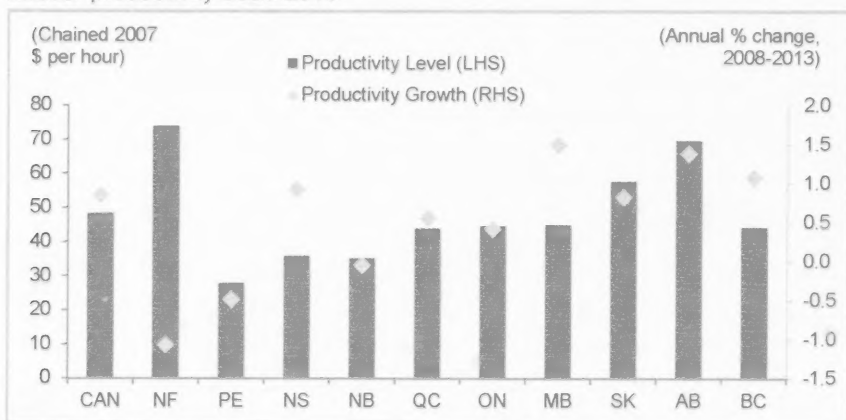
Alberta's CPI inflation continues to moderate after spiking in March, though it remains elevated. Inflation was 2.5% in May, down from 2.7% in April. Shelter costs have been providing much of the ballast to inflation. In May, the pressure on shelter costs was primarily due to costs associated with owned accommodation. Home ownership cost inflation has been accelerating since December (Chart 3), largely because of insurance costs. Excluding shelter, inflation was a more moderate 2.1%. The gap in inflation between Edmonton and Calgary continues with inflation in Edmonton a more subdued 1.9% compared to 3.2% in Calgary.

Chart 3: Homeownership costs keep inflation elevated
Consumer Price Index (CPI)



Source: Statistics Canada

Chart 4: Alberta ranked among top provinces in labour productivity
Labour productivity 2008-2013



Source: Statistics Canada

Nationally inflation was 2.3% in May, above the Bank of Canada's 2% inflation target for just the second month in over a year. The Bank's messaging on inflation is unlikely to change much, as the uptick in inflation was largely due to transitory effects, particularly a jump in natural gas. The Bank's preferred measure of trend inflation remains well below 2%.

Job Vacancies

Help still wanted

In the three months ending in March, Alberta had 46,300 vacant positions, a decline from the same period last year. Alberta had one of its lowest job vacancy rates of the last few years, with vacancies in 2.3% of all positions vacant and unvacant. Vacancy rates in accommodation and food services climbed to 7.6%. The job vacancy rate was higher in Alberta than in any other province, far surpassing Canada's rate of 1.4%.

Labour Productivity

Alberta is still near the top. Alberta remains one of the top provinces in business sector labour productivity. After leading the provinces in productivity last year, Alberta posted the second-highest productivity level after Newfoundland and Labrador in 2013, lifted by strong increases in key industries such as oil and gas extraction, and finance and insurance. Productivity in Alberta grew at an annualized rate of 1.4% between 2008 and 2013, the second-highest five-year growth rate among provinces, after Manitoba (1.5%). Nationally, productivity growth was weak, increasing at an annualized rate of only 0.8% over the past five years.

Contact

Mark Walker

780.415.0825

Please see the [Alberta Economy- Indicators at a Glance](#) for a snapshot of Alberta indicators.